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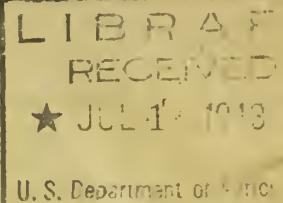
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WAR FOOD ADMINISTRATION

U.S. FOOD DISTRIBUTION ADMINISTRATION

THE WHY OF LIVESTOCK SLAUGHTER PERMITS

Food Distribution Order No. 27 is known as the livestock slaughter permit order. It provides that all slaughterers of livestock--farmers, butchers, and local slaughterers--get permits to continue their operations. In obtaining permits, the applicants must show how much meat they killed in various months of 1941, and they are given quotas limiting them to slaughtering fixed percentages of their 1941 kill.

The purpose of FDO No. 27 is threefold:

- (1) To assure sufficient meat for urgent Government war needs, and
- (2) To help in the equitable distribution of civilian supplies over the country through rationing.
- (3) To channel livestock supplies so that plants eligible to sell to the Government will not, in effect, be penalized as regards their civilian outlets.

Rationing should eventually solve our meat problem -- if it is adequately enforced, and if consumers, the trade, and farmers do their part to make it work. In the meantime, since rationing alone is not adequate, other controls to supplement it are necessary. Why?

At current ceiling prices civilians now have the purchasing power and want to buy several billion pounds more than the 14-3/4 billion pounds that will be available to them during the 12 months beginning July 1, 1943. Though this quantity still leaves civilians with about as much meat as they had in the 1930's, there is such a tremendous civilian pressure for meats in all parts of the country even under rationing that without additional controls most of it would be consumed near the areas of production.

The war has created a huge demand for meat. Millions of pounds are needed by the Armed Forces. Considerable quantities also are needed by our Allies. But the principal demand--and the principal increase in demand--has come from American civilians who have a great surplus of spending power over pre-war years.

The meat business became so attractive in the last 2 or 3 years with tremendous public demand, that people all over the country began slaughtering and butchering and many smaller, local meat handlers had expanded their business considerably. By doing their own killing and dressing and selling to local markets they found a relatively profitable, ready outlet for all meat they could handle. Black markets developed in many areas because of the great demand at attractive prices. Also local handlers found it unnecessary to deal with the larger, more distant packers (mostly Federally-inspected plants) who formerly had been able to undersell them.

This increase in local slaughter had two effects:

(1) It tended to drive the price of livestock higher and higher. (Local butchers and retailers could bid more than larger far away packers for livestock by killing and selling direct to consumer.) (2) This condition made it less profitable for commercial packers to slaughter and to distribute meat over wide territories, creating a vicious circle which increased local slaughter still more as Federally-inspected packers pulled in their sales areas. The result--consumers in excess supply areas would get all the meat they had ration points for while in deficit-producing areas civilians would get little or no meat inasmuch as all meat shipped interstate must be Federally inspected.

Similarly, as meat was drawn away from Federally-inspected plants, Government buying for the Armed Forces and Lend-Lease became more difficult, and further disrupted regular channels of distribution.

Although slaughter in non-Federally-inspected plants is limited to the civilian quotas based on 1941 slaughter, there is no limit on the total quantity of livestock that Federally-inspected plants can slaughter. All slaughter above civilian quotas, however, must go to the Government. In many cases, though, because their slaughter has declined, not enough has been left--after civilian quotas are filled--to meet Government needs.

In April and May, for example, cattle slaughter at Federally-inspected plants fell off 17 and 13 percent from the same months in 1942--and continued to decline. In those two months alone, the number of cattle passing through these plants was 271,000 head less than the year before. Army meat supplies were being imperiled. Drastic action was necessary. Orders were issued revoking temporary slaughter quotas and temporary increases in quotas on beef. Also a set-aside order on beef was issued in June requiring all Federally-inspected plants to set aside 45 percent of their slaughter of steer and heifer beef (a little less than 20 percent of total beef slaughter) for purchase by the military forces. Thus, before filling their civilian quotas, Federally-inspected plants must set aside this portion of their production. (Set aside has been reduced to 15 percent in Arizona, California, New Mexico, Oregon, and Washington.)

Meanwhile, the War Food Administration began the tremendous job of sifting through every application for a permit to slaughter and granting permits that were fair, equitable, and based on the needs for meat in the area the plant supplies. When this sifting process is completed, it is expected that the slaughter of meat will be more evenly distributed, that Federally-inspected plants will be able to get their proportionate share of civilian business, and that the Armed Forces will get the meat they need, when they need it.